

SNAPSHOT

STOCKS			
S&P 500	+0.8%	Nasdaq Comp.	+1.5%
DJIA	+0.3%	Russell 2000	+0.5%
ES Sep'26	+0.6%	RTY Sep'26	+0.4%
NQ Sep'26	+1.5%	YM Sep'26	Flat
FX			
DXY	+0.1% (101.16)	EUR/USD	Flat
USD/JPY	+0.4%	GBP/USD	Flat
BONDS			
US T-Note Sep'26	-18.5 ticks	10yr Bund Sep'26	-25 ticks
US 10yr Yield	4.47%	German 10yr Yield	2.91%
ENERGY & METALS			
WTI Aug'26	-1.0%	Brent Sep'26	-0.6%
Spot Gold	-0.2%	LME Copper	+0.8%
CRYPTO			
Bitcoin	-2.8%	Ethereum	-2.6%

As of 21:50BST/16:50EDT

LOOKING AHEAD

- Highlights include Australian PMIs & Building Approvals, Japanese BoJ Tankan, South Korean Exports, Regional PMIs, Chinese RatingDog Manufacturing PMI, Supply from Australia, Holiday Closures in Hong Kong and Canada on Wednesday.
- [Click for the Newsquawk Week Ahead.](#)

IRAN CONFLICT

- Iran's top negotiator Ghalibaf said the current meetings held by Iran are aimed at fulfilling MoU commitments, while Iran is committed to ensuring that passage through the Strait of Hormuz is carried out in accordance with Iranian arrangements. Ghalibaf also stated that America's commitment to end the war in Lebanon is a great victory, and noted that Iran is seeking to fulfil Article 13 of the Memorandum of Understanding in the current talks with the US, while he added they are ready for war if the other side does not want to fulfil its commitments in the talks.
- Iran's Foreign Ministry Spokesperson Baghaei said the interim deal clauses must be implemented before talks with the US on a final agreement can begin, while he reiterated that Tehran is determined to maintain its rights over the management of the Strait of Hormuz and stated there is no need for outside interference, as it would only complicate matters. He also stated that dialogue with mediator Qatar on implementing the interim deal, including the release of frozen assets, is likely to take place on Wednesday in Doha, while the meeting will primarily focus on the release of blocked funds and the ceasefire in Lebanon.
- Qatar's Foreign Ministry Spokesperson said US envoys Witkoff and Kushner will be in Qatar to meet mediators to discuss negotiations, although there is currently no high-level meeting planned between the US and Iran. The spokesperson added that technical talks are continuing, while coordination with Oman is ongoing regarding the Strait of Hormuz and vessel transit.
- Iran will receive USD 3bln of its frozen funds by the end of the week, according to Al Hadath citing sources.
- Iran and Oman are moving forward with plans to collect payments from ships transiting the Strait of Hormuz despite public US objections, according to the New York Times citing sources. Oman recently delivered a formal proposal to the US and other Western allies outlining a plan under which shipping companies would pay service fees to use the Strait, according to an Iranian official and a regional diplomat.

- **A power struggle inside Tehran is threatening US-Iran peace talks, with civilian leaders seeking billions in frozen assets and hardline military officials pressing for control of the Strait of Hormuz.** Civilian leaders led by President Pezeshkian are aiming to unlock billions of dollars in frozen funds to provide relief after the war and significant damage to Iran's oil industry, according to WSJ.
- **Social media circulated reports that Israel is preparing for a possible immediate resumption of military operations against Iran.**
- **Israeli PM Netanyahu said the IDF will remain in Lebanon until the Hezbollah threat is removed. Netanyahu separately commented that there are more peace agreements on the agenda,** while he also commented that Israel's war is 'never-ending' and confrontation with Iran is far from over.
- **News sources reported that the Israeli army carried out an explosive operation in the town of Beit Yahoun in southern Lebanon,** according to TASNIM.
- **India's government said PM Modi held a telephone call with Iran's President to discuss recent developments in the Middle East and the way forward,** while Modi welcomed the understanding reached and reiterated India's position that all issues should be resolved through dialogue and diplomacy.

US TRADE

- **US stocks** finished in the green on Tuesday, with outperformance in the Nasdaq driven by strength in the tech sector, while Industrials also rallied, although the picture was more mixed elsewhere, and the equal-weight S&P 500 closed flat. Furthermore, there was no obvious catalyst behind today's moves, with quarter-end rebalancing potentially providing support, while the latest JOLTS report reinforced the narrative of a resilient labour market ahead of Thursday's NFP report.
- **SPX +0.78% at 7,499, NDX +1.69% at 30,276, DJI +0.26% at 52,318, RUT +0.52% at 3,026.**
- [Click here for a detailed summary.](#)

TARIFFS/TRADE

- **China's Commerce Ministry announced anti-dumping measures on pea starch imports from Canada.**
- **EU announced a new measure to protect its steel industry, with the rules taking effect on July 1st** and reducing duty-free imports across 26 steel product categories by an average of 47% compared with quotas under the steel safeguard.
- **Mercosur and Japan are looking to expand market access for agricultural and non-agricultural goods, as well as cooperation and mutual investment.** It was separately reported that Brazilian President Lula said that they will launch negotiations for an economic partnership with Japan.

NOTABLE HEADLINES

- **Fed's Hammack (2026 voter) said the labour market is around full employment and growth remains solid, although inflation is still too high and further rate hikes may need to be considered, while she will approach Fed meetings with an open mind and not prejudge outcomes, as well as expressed concern over the impact of higher rates on the economy.** She also stressed the need for transparency around the Fed's reaction function and noted that core services inflation remains elevated, with inflation pressures appearing broad-based.
- **US Treasury Secretary Bessent said he would not be surprised if June payrolls are very strong,** adding he has not yet seen the figures.
- **US President Trump's administration is preparing a financial lifeline for smaller meatpackers struggling with dwindling cattle supplies that have pushed beef prices higher,** according to the Wall Street Journal. US Agriculture Department is reportedly planning to provide up to USD 500mIn in payments to small and medium-sized meatpacking companies, according to people familiar with the discussions.

DATA RECAP

- US Dallas Fed Services Index (Jun) 2.9 (Prev. -7.7)
- US Dallas Fed Services Revenues Index (Jun) 9.8 (Prev. 5.0)
- US Chicago PMI (Jun) 56.7 (Prev. 62.7, Low. 51, High. 63)
- US JOLTS Job Openings (May) 7.594M (Prev. 7.618M, Low. 6.9M, High. 7.445M)

FX

- **USD** was mixed against G10 FX peers, in what was pretty light newsflow with little heard from the US meeting with mediators in Qatar, but more discussions are expected on Wednesday. Meanwhile, attention turns to June's payrolls report on Thursday, brought forward a day on account of Independence Day on Friday. Ahead of that aforementioned data, US Treasury Secretary Bessent said he wouldn't be surprised if June jobs are 'very strong', but caveated that he hasn't seen the June figures, while there were comments from Fed's Hammack, who said that the Fed may need to consider rate hikes.
- **EUR** traded indecisively and EUR/USD ultimately returned to flat territory above the 1.1400 level.
- **GBP** is little changed after a choppy day but remained within the 1.3200 handle.
- **JPY** continued to weaken with USD/JPY gaining a firmer footing north of the 162.00 level with the yen at its weakest in four decades, while the attention turns to the BoJ Tankan survey overnight.
- **More central banks plan to reduce their US dollar holdings than increase them over the next decade for the first time,** according to a global survey cited by CNN.
- **Japan and India are considering a local-currency settlement scheme that bypasses the US dollar,** according to Nikkei citing sources.

- Japan disclosed that FX intervention amounted to JPY 0 between April 28th and May 27th.
- Canadian GDP MM (Apr) 0.5 vs. Exp. 0.4 (Prev. -0.1, Low. 0.3, High. 0.5)

FIXED INCOME

- **T-notes** retreated as yields rose across the curve despite lower oil prices as attention turns to jobs data, while there was no clear catalyst for the move, with yields drifting higher throughout the US session as participants remained reluctant to price out the Fed's recent hawkish shift ahead of Thursday's nonfarm payrolls report, which Treasury Secretary Bessent touts to be a strong one.

COMMODITIES

- **Oil prices** saw slight losses following a choppy session in which benchmarks largely treaded water as participants awaited the Doha meeting.
- **US Treasury Secretary Bessent said "we'll see" when asked about potential price gouging by oil companies, while encouraging gasoline retailers to be good actors.** He added that the government is monitoring gasoline retailers and noted gas retailing probably had record profits.
- **Iran has exported 50mln bbls of crude oil since the US-imposed blockade was lifted two weeks ago. This equates to 1.66mln BPD for June 2026,** while most other countries in the region are still nowhere near pre-war levels, according to Tanker Trackers.

ASIA-PAC

NOTABLE HEADLINES

- **BoJ's Sato said the de-escalation of the Middle East conflict is a welcome development, although uncertainty over the outlook remains,** while she added it is important to determine whether recent price moves are temporary and whether they are cost-driven or reflect more sustained demand.
- **China's gaming regulator approved eight imported online games in June.**
- **India cut the windfall tax on diesel exports to INR 8.5/ltr (prev. INR 14/ltr), effective July 1st,** while raising the windfall tax on petrol exports to INR 4/ltr (prev. INR 1.5/ltr).

EU/UK

NOTABLE HEADLINES

- **UK government announced a GBP 15bln defence package.**
- **BoE Governor Bailey said he is frustrated inflation has not yet returned to target and noted it is important that energy prices are now not much higher than before the Iran war,** while he added the BoE has time to assess the pass-through of higher energy prices to the UK economy.
- **ECB's Lane said there has been some improvement in confidence, although it remains below pre-war levels, while the oil price curve suggests elevated prices in the years ahead and therefore higher costs for the economy.** Lane also stated that the ECB remains focused on incoming data to assess the impact of lower energy prices, and that the debate should be about policy rather than July versus September, and stressed the need to keep options open rather than commit to a specific meeting.
- **ECB's Dolenc said if current oil prices persist, the ECB may be able to wait until September before deciding whether further policy action is needed, adding there is no clear evidence of second-round inflation effects.** Dolenc also commented that uncertainty around the Middle East is still elevated and a July ECB pause may be appropriate based on current data, while he added that there is no urgency to hike if energy prices stay subdued and the situation can change quickly until the next meeting.
- **ECB's Kazaks said there is no need for a forceful inflation response and the urgency of consecutive hikes is significantly lower.** Kazaks also said it is too hard to say what'll happen in July and September, while he added that if things improve, it is possible that no hike will be warranted.
- **ECB's Nagel commented that it is too early to call for further rate hikes, although policy must remain vigilant as inflation could stay significantly above target,** while he is not concerned about debt markets.
- **ECB's Rehn said geopolitical uncertainty remains elevated and inflation expectations have not become de-anchored, while he described the energy shock as clearly stagflationary and stressed that decisions will remain data dependent and be taken meeting by meeting.** Furthermore, he does not see major second-round effects materialising, and warned against committing to a predetermined rate path and noted markets have already done significant groundwork for the ECB.
- **ECB's Sleijpen said that although oil prices have eased, uncertainty remains high,** and reiterated the ECB's data-dependent approach.
- **ECB's Wunsch said another rate hike may be needed and he would rather move quickly if further tightening proves necessary,** although that does not necessarily imply action in July, while he also expects some second-round inflation effects.
- **ECB is debating doubling banks' minimum reserve requirement to 2% from 1%, with a decision expected in the autumn.**

DATA RECAP

- UK GDP Growth Rate QQ Final (Q1) 0.6% vs. Exp. 0.6% (Prev. 0.2%, Low. 0.5%, High. 0.6%)
- UK GDP Growth Rate YoY Final (Q1) 0.9% vs. Exp. 1.1% (Prev. 1%, Low. 1.1%, High. 1.1%)
- German Unemployment Rate (Jun) 6.3% vs. Exp. 6.4% (Prev. 6.3%)
- German Retail Sales MoM (May) M/M 1.1% (Prev. -0.3%, Low. -0.5%, High. 0.5%)
- German Retail Sales YoY (May) Y/Y 1.8% vs. Exp. 0% (Prev. -0.3%)
- German HICP MoM Prel (Jun) -0.2% vs. Exp. 0.0% (Prev. -0.10%)
- German HICP YoY Prel (Jun) 2.40% vs. Exp. 2.70% (Prev. 2.70%)
- German Inflation Rate MoM Prel (Jun) M/M -0.3% (Prev. -0.2%, Low. -0.1%, High. 0.1%)
- German Inflation Rate YoY Prel (Jun) Y/Y 2.3% (Prev. 2.6%, Low. 2.4%, High. 2.7%)
- German Import Prices MoM (May) M/M 0.7% (Prev. 1.2%, Low. -0.5%, High. 0.5%)
- German Import Prices YoY (May) Y/Y 6.8% (Prev. 5.3%)

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